

NOTICE OF PUBLIC HEARING

FOR PROPOSED WATER AND WASTEWATER RATES

Rainbow Municipal Water District (RMWD) is committed to timely, transparent and proactive communications with our customers. We are sending you this notice to inform you of:

- Proposed rate increases being considered
- The amount of the proposed rate increase
- The basis on which the rates are calculated
- The reason for the proposed rate increases



RAINBOW MUNICIPAL WATER DISTRICT PUBLIC HEARING ON PROPOSED RATES

JUNE 27, 2023 • 1 P.M.

DISTRICT HEADQUARTERS BOARD ROOM
3707 OLD HIGHWAY 395 • FALLBROOK, CA 92028

WHY RATE INCREASES ARE NECESSARY



FINANCIAL STABILITY

Without adequate rate increases, the revenue generated by water sales will not be sufficient to cover the costs of operating. The proposed rates will allow RMWD to fully fund operating expenses, capital costs, and meet reserve requirements.



RISING PURCHASED WATER COSTS

RMWD spends over \$26M annually to bring water to the District. These costs continue to increase.



CAPITAL PROJECTS

Significant repairs and replacements required over the next 5 years to provide safe and reliable water service to homes, businesses, and groves on demand, 24 hours a day, 7 days a week.

JOIN THE PUBLIC HEARING

IN-PERSON

District Headquarters Board Room
3707 Old Highway 395 • Fallbrook, CA 92028

ZOOM

<https://rainbowmwd.zoom.us/j/85664315900>

PHONE

669-444-9171 • 669-900-6833
253-205-0468 • 253-215-8782
Webinar ID: 856 6431 5900

The RMWD Board of Directors will conduct a public hearing to consider the proposed five-year rate increases to water and wastewater services. All property owners, customers of record receiving RMWD water and wastewater services, and all other interested persons may attend the public hearing to comment on the proposed rates.

California law allows all property owners and customers of record to submit a written protest to the proposed rate changes. Full details are available in this notice's "HOW CAN I PARTICIPATE" section.



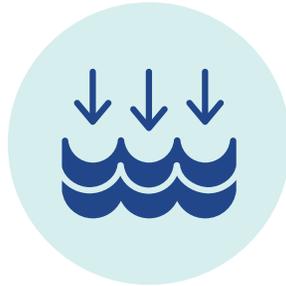
ABOUT RAINBOW MUNICIPAL WATER DISTRICT

RMWD provides water and wastewater services to an area covering approximately 82-square miles in northern San Diego County. RMWD is 100% dependent on imported water and provides water to one of the largest agricultural areas in the state.

Water is purchased through the San Diego County Water Authority, which buys most of its water from the Metropolitan Water District of Southern California (MWD). MWD imports water from the Colorado River Aqueduct and Northern California via the State Water Project.



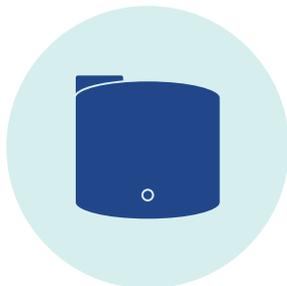
**350 MILES OF
PIPELINE**



**100% IMPORTED
WATER**



**8,793
CONNECTIONS**



**13 STORAGE
TANKS**



4 RESERVOIRS



7 PUMP STATIONS





WHAT WE ARE DOING TO KEEP COSTS AS LOW AS POSSIBLE

RMWD is committed to keeping costs as low as possible for our customers. Therefore, over the last several years, we have taken measures to mitigate cost increases, including:

- Pipeline replacement and corrosion prevention projects to prevent costly leaks
- Held the operating budget flat, only allowing inflationary increases
- Decreased SDCWA transportation costs by using our direct Metropolitan connections
- Renegotiated contracts and changed insurers to reduce costs wherever possible

WORKING WITH LAFCO TO CHANGE WATER WHOLESALE SUPPLIER

In March 2020, we applied to change our wholesale water supplier from the SDCWA to Eastern Municipal Water District (EMWD). We continue to look for innovative ways to save our customers money. For example, in addition to working with the San Diego Local Agency Formation Commission (LAFCO) to change wholesale water supplier to EMWD, we are also exploring additional options for developing local water supplies.

SIGNIFICANT SAVINGS FOR OUR CUSTOMERS

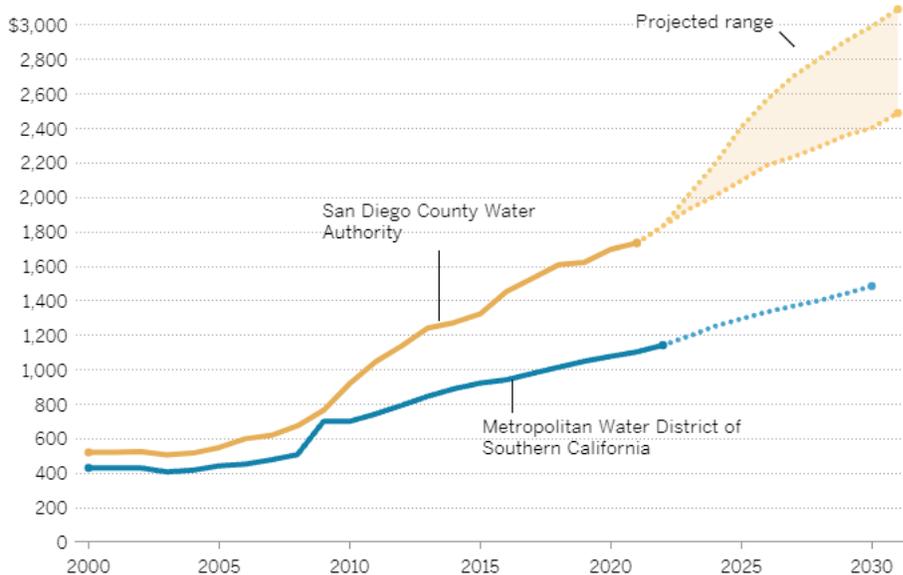
Under SDCWA, RMWD customer rates will continue to increase over the next five years. However, with our plan to move to EMWD, costs would not increase on the same trajectory. Cost savings would be used to invest in infrastructure and possibly decrease rates in the future.

The San Diego Union-Tribune

Southern California's rising cost of water

Wholesale rates for treated water are projected to increase largely to cover mounting fixed costs in the face of declining sales.

In dollars per acre foot



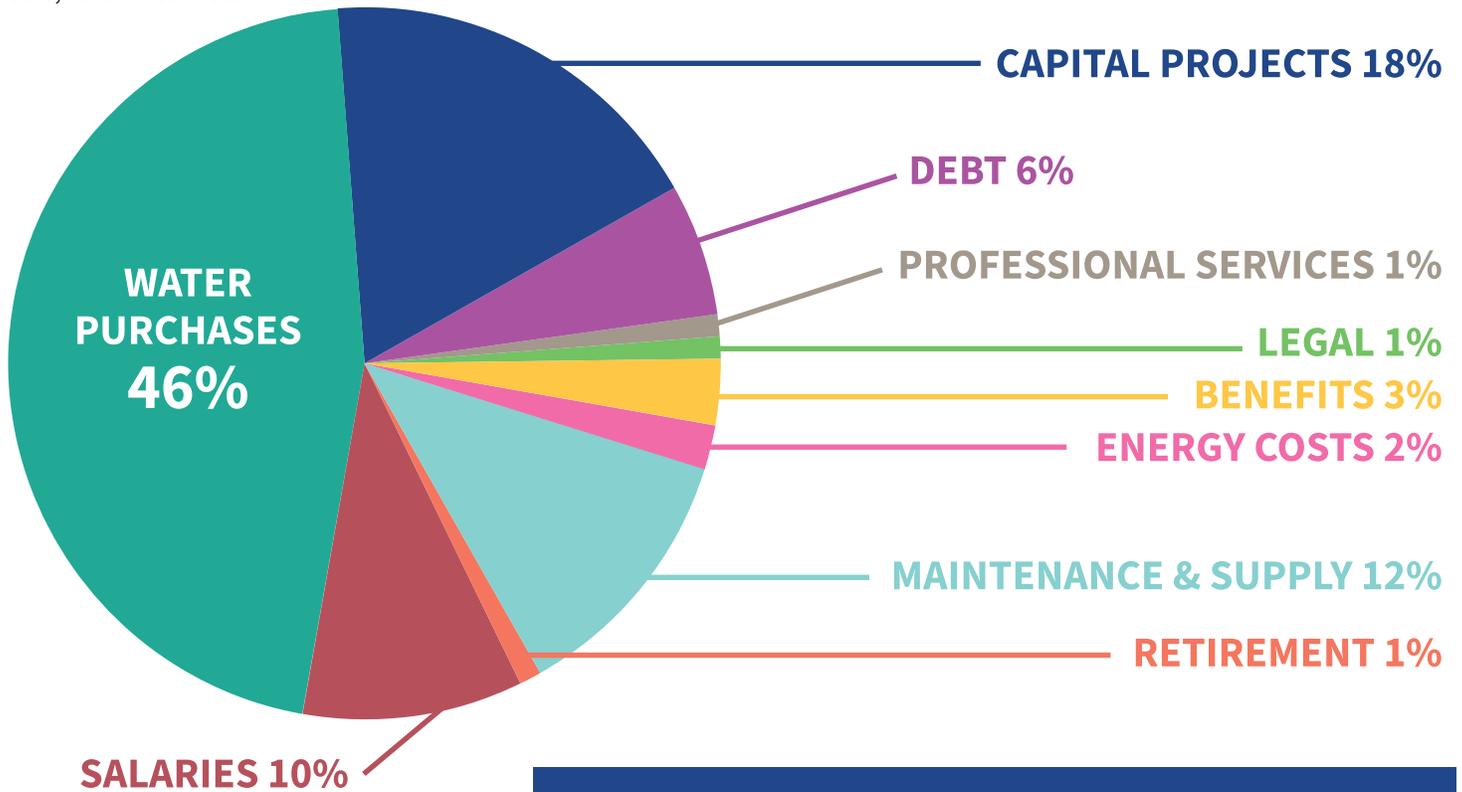
Sources: San Diego County Water Authority; Metropolitan Water District of Southern California
Karthika Namboothiri / The San Diego-Union Tribune

Source: The San Diego Union-Tribune



HOW PROPOSED RATE INCREASES WERE CALCULATED

RMWD conducted a comprehensive rate study for water and wastewater. An independent, third-party expert prepared the rate study. It provided a detailed review of RMWD's water and wastewater costs and the rate structure needed to meet those costs to deliver safe, reliable services.



DID YOU KNOW?
RMWD is a public agency and cannot profit from water and wastewater services. State law requires that the District's rates are determined by the cost of providing service to customers.

WATER SPENDING BY CATEGORY

Water Purchases	\$23,246,652	46%
Capital Projects	\$9,116,249	18%
Maintenance & Supply	\$6,054,993	12%
Salaries	\$4,859,298	10%
Debt	\$3,077,000	6%
Benefits	\$1,545,956	3%
Energy Costs	\$1,084,510	2%
Professional Services	\$689,310	1%
Retirement	\$428,771	1%
Legal	\$380,310	1%
Total	\$50,483,049	100%

PROPOSED WATER RATES FIXED CHARGES (\$/MONTH)

Customers' monthly fixed charge covers costs that do not change based on the amount of water used. Existing rates from SDCWA are also included in the charges below. Any future increases from SDCWA for fixed wholesale water charges may be passed through to RMWD customers in addition to the charges shown below.

SFR, MFR, COM, INST							
METER SIZE	ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
5/8"	235	\$69.20	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
3/4"	3,277	\$69.20	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
1"	2,635	\$115.32	\$145.42	\$158.52	\$172.79	\$188.35	\$205.31
1 1/2"	260	\$230.66	\$285.01	\$310.66	\$338.62	\$369.10	\$402.32
2"	212	\$369.05	\$452.51	\$493.24	\$537.64	\$586.03	\$638.78
3"	15	\$807.27	\$982.92	\$1,071.39	\$1,167.82	\$1,272.93	\$1,387.50
4"	12	\$1,453.09	\$1,764.59	\$1,923.41	\$2,096.52	\$2,285.21	\$2,490.88
6"	-	\$2,998.43	\$3,635.01	\$3,962.16	\$4,318.76	\$4,707.45	\$5,131.13

AGRICULTURE W/ RESIDENCE, AGRICULTURE							
METER SIZE	ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
5/8"	3	\$118.92	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
3/4"	214	\$118.92	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
1"	1,036	\$198.18	\$233.06	\$254.04	\$276.91	\$301.84	\$329.01
1 1/2"	251	\$396.38	\$460.27	\$501.70	\$546.86	\$596.08	\$649.73
2"	186	\$634.21	\$732.93	\$798.90	\$870.81	\$949.19	\$1,034.62
3"	19	\$1,387.30	\$1,596.36	\$1,740.03	\$1,896.64	\$2,067.34	\$2,253.41
4"	7	\$2,497.16	\$2,868.77	\$3,126.96	\$3,408.39	\$3,715.15	\$4,049.52
6"	1	\$5,152.85	\$5,913.47	\$6,445.69	\$7,025.81	\$7,658.14	\$8,347.38

PSAWR DOMESTIC, PSAWR COMMERCIAL							
METER SIZE	ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
5/8"	-	\$103.41	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
3/4"	20	\$103.41	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
1"	207	\$172.35	\$208.56	\$227.33	\$247.79	\$270.10	\$294.41
1 1/2"	94	\$344.69	\$411.27	\$448.29	\$488.64	\$532.62	\$580.56
2"	99	\$551.51	\$654.53	\$713.45	\$777.67	\$847.67	\$923.97
3"	9	\$1,206.43	\$1,424.86	\$1,553.10	\$1,692.88	\$1,845.24	\$2,011.32
4"	1	\$2,171.56	\$2,560.07	\$2,790.48	\$3,041.63	\$3,315.38	\$3,613.77
6"	-	\$4,481.00	\$5,276.47	\$5,751.36	\$6,268.99	\$6,833.20	\$7,448.19

PUMPING CHARGES ZONES 1-7						
ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
1342	\$7.14	\$8.39	\$9.15	\$9.98	\$10.88	\$11.86

If adopted, the proposed rates may also increase annually by an amount equal to pass through 1) any incremental increase in the cost of energy 2) any increases for the cost of purchased wholesale water.

The passthrough may be automatically implemented by RMWD without further published notice, provided that 1) any increase in rates shall not exceed the cost of providing water service, and 2) RMWD shall provide all customers with a minimum 30-day written notice before the pass-through adjustments take effect.

PROPOSED WATER RATES VARIABLE CHARGES (\$/UNIT)

RMWD's variable rates cover expenses such as variable purchased water costs, delivery costs and other operating and maintenance costs that connect directly to the amount of water used. The existing variable costs from SDCWA have been included in the rates below. Variable rates are determined by the amount of water delivered to each parcel and are measured in units. One unit equals 748 gallons. Any future rate increases from SDCWA for volumetric wholesale water charges may be passed through to RMWD customers in addition to what is shown below.

VARIABLE RATES (\$/UNIT)							
CUSTOMER CLASS	PROJECTED USAGE	EXISTING (\$/UNIT)	FY 2024 (\$/UNIT)	FY 2025 (\$/UNIT)	FY 2026 (\$/UNIT)	FY 2027 (\$/UNIT)	FY 2028 (\$/UNIT)
Single-Family	1,521,953	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Multi-Family	130,046	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Commercial	362,543	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Institutional	26,318	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Agriculture w/ Res	918,501	\$4.56	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Agriculture	1,243,086	\$4.56	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
PSAWR Domestic							
Tier 1 (1-22 Units)	78,936	\$4.01	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Tier 2 (22+Units)	642,373	\$4.01	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66
PSAWR Commercial							
	604,716	\$4.01	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66

VARIABLE PUMPING CHARGES							
PUMPING ZONE	PROJECTED USAGE	EXISTING (\$/HCF)	FY 2024 (\$/HCF)	FY 2025 (\$/HCF)	FY 2026 (\$/HCF)	FY 2027 (\$/HCF)	FY 2028 (\$/HCF)
Pump Zone 1 Rainbow Heights	183,452	\$1.02	\$2.60	\$2.84	\$3.10	\$3.38	\$3.69
Pump Zone 2 Imp District U-1	38,945	\$0.63	\$1.39	\$1.52	\$1.66	\$1.81	\$1.98
Pump Zone 3 Vallecitos	67,006	\$0.36	\$0.26	\$0.29	\$0.32	\$0.35	\$0.39
Pump Zone 4 Northside	363,390	\$0.14	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21
Pump Zone 5 Morro Tank	128,436	\$0.19	\$0.35	\$0.39	\$0.43	\$0.47	\$0.52
Pump Zone 6 Huntley	131,538	\$0.75	\$1.40	\$1.53	\$1.67	\$1.83	\$2.00
Pump Zone 7 Magee Tank	12,127	\$3.31	\$0.71	\$0.78	\$0.86	\$0.94	\$1.03

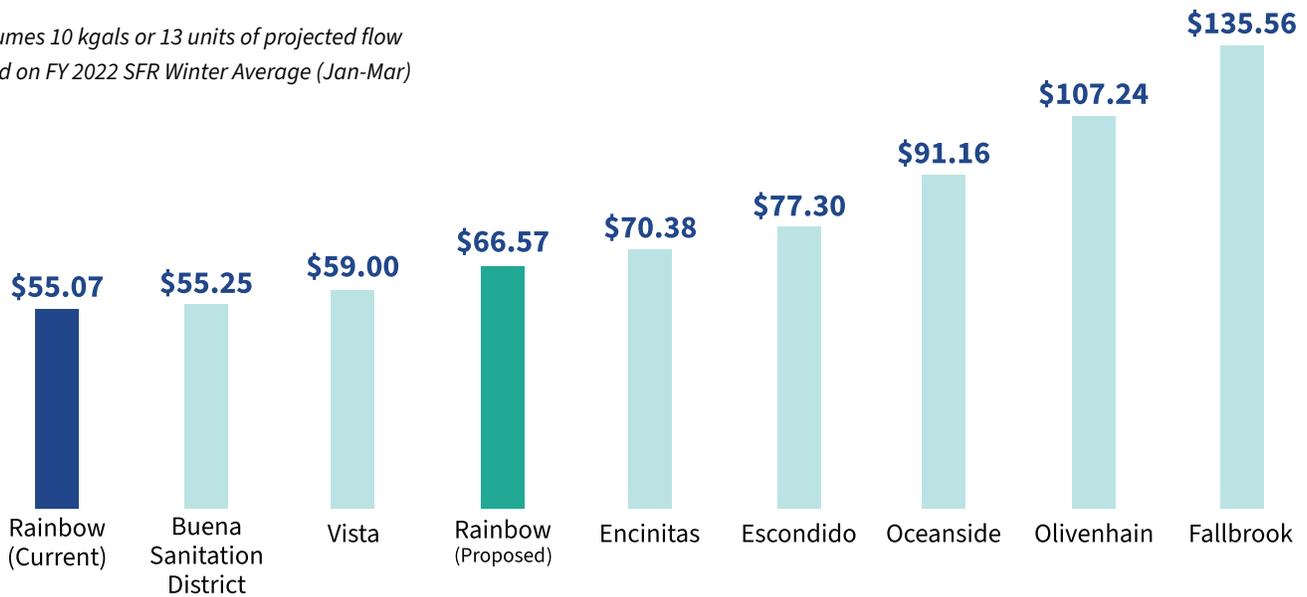


PROPOSED WASTEWATER RATES (\$/MONTH/PER EDU)

Customers' monthly fixed charge covers costs based on equivalent dwelling units. These charges include billings, customer service, wastewater facility repairs, maintenance, treatment, and other system costs.

RESIDENTIAL MONTHLY WASTEWATER BILL COMPARISONS

**Assumes 10 kgals or 13 units of projected flow based on FY 2022 SFR Winter Average (Jan-Mar)*

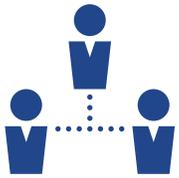


FIXED CHARGES · WASTEWATER

CUSTOMER CLASS	EXISTING CHARGES (\$/EDU)	FY 2024 (\$/EDU)	FY 2025 (\$/EDU)	FY 2026 (\$/EDU)	FY 2027 (\$/EDU)	FY 2028 (\$/EDU)
Single-Family	\$55.07	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Multi-Family	\$40.51	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Residential - WW Only	\$54.40	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial	\$40.51	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial w/ Irrigation	\$40.51	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56

If adopted, the proposed rates may increase annually by an amount equal to pass through:

- Incremental increases in the cost of energy
- Also, increases in the cost of wastewater treatment by the City of Oceanside



WE VALUE YOUR INPUT: HOW TO PARTICIPATE



RMWD is committed to timely, transparent and proactive communications with our customers. We invite customers to participate in our public hearing process.

RMWD WEBSITE AND PHONE

The cost-of-service study and additional information on the proposed rate changes are available on our website www.RainbowMWD.com or by calling **760-728-1178**.



WRITTEN PROTEST

Property owners and tenants (customers of record) directly responsible for payment may file a formal protest against the proposed rate adjustment. Only one written protest per parcel shall be counted in calculating the majority protest. The Board Secretary or designee will tabulate the protests. All protests are public records and will be retained for at least two years. The protest may be submitted in person to **Rainbow Municipal Water District, 3707 Old Highway 395, Fallbrook, CA 92028, Attn: Board Secretary**. To be deemed valid, the protest must be in writing, signed and contain the following information:

- Specify the rate being protested
- Name of the property owner or customer of record who is submitting the protest
- Parcel number and/or street address
- Original, wet signature and legibly printed name of the property owner or customer of record who is submitting the protest
- Date the protest was signed

PROTESTS SUBMITTED BY EMAIL, FAX OR PHOTOCOPY DO NOT COUNT AS FORMAL WRITTEN PROTESTS.



PUBLIC HEARING

Members of the public are invited to attend the public hearing for the proposed rate changes on **June 27, 2023, at 1 p.m.** All members of the public will have an opportunity to speak and give testimony regarding the proposed rate adjustments. **Only written protests count towards a majority protest.**



PUBLIC HEARING PROCESS

The RMWD Board of Directors will hear and consider all written protests and public comments at the public hearing. After the public hearing, if a majority protest does not exist, the Board may adopt the proposed changes. If adopted, the new rates take effect July 1, 2023. Scheduled increases during the five-year period will take effect each July 1 thereafter.

3707 Old Highway 395 · Fallbrook, CA 92028



Rainbow Municipal Water District will conduct a public hearing to consider the proposed five-year water and wastewater rate increases. All property owners and customers of record receiving RMWD water and wastewater services and all other members of the public, may attend the public hearing to comment on the proposed rate increase.

NOTICE OF PUBLIC HEARING FOR PROPOSED WATER AND WASTEWATER RATES

TUESDAY, JUNE 27, 2023, 1 P.M.

RAINBOW MUNICIPAL WATER DISTRICT

District Headquarters Board Room
3707 Old Highway 395 · Fallbrook, CA 92028